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UNCLAS BRASILIA 001993

SIPDIS

SENSITIVE

OFFICIAL-INFORMAL FROM CHARGE FOR TREASURY A/S QUARLES

E.O. 12958: N/A

TAGS: AMGT EFIN

SUBJECT: OFFICIAL-INFORMAL: ELIMINATION OF LATIN AMERICA  
REGIONAL TREASURY ATTACHE POSITION

REF: Buenos Aires 1806

¶1. (SBU) Post has learned that as part of a world-wide cost-cutting move, as of October 1 Treasury intends to eliminate the Regional Attache position based in Buenos Aires. That slot covers not only Argentina, but with the position incumbent frequently traveling to Brasilia, Sao Paulo, and Rio de Janeiro and other key South American posts. Given the importance of emerging economies like Brazil in the international financial markets, Charge requests that Treasury headquarters revisit this decision.

¶2. (U) Currently, the Brazilian economy is at a high point, with growth returning, exports booming, and inflation in check. However, three short years ago this was not the case. The incoming Lula Administration had raised interest rates to sky-high levels in an attempt to stem capital flight. While we do not foresee a return to this precarious state-of-affairs in the short-term, when dealing with Brazil (as is the case with other emerging markets) its best to keep assets handy. One important assets it is the presence of the Regional Attache in Buenos Aires. In the event of a sudden crisis, having the Treasury attach on hand to help us grapple with the situation would be essential. Seeking to deal with matters solely from Washington would be immeasurably more difficult.

¶3. (U) We know that budgets are tight and in future fiscal years will become increasingly so. However, in our view the investment made in maintaining the Attache position in Buenos Aires would be money well spent. Regards.

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